

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeene G. Kelly.

California Independent System Operator Corporation	Docket No. ER04-445-015
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Pacific Gas and Electric Company	Docket No. ER04-443-012
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San Diego Gas & Electric Company	Docket No. ER04-441-011
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Southern California Edison Company	Docket No. ER04-435-019
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(Not Consolidated)

ORDER GRANTING IN PART AND DENYING IN PART REQUEST FOR
REHEARING

(Issued July 12, 2006)

1. On June 23, 2006, the California Independent System Operator Corporation (CAISO) filed a request for rehearing of the Commission's order Accepting in Part and Rejecting in Part with Modifications Large Generator Interconnection Compliance Filings, Rejecting Offer of Settlement, and Clarifying Prior Order.¹ In this order, we grant in part and deny in part the CAISO's request for rehearing regarding the effective date of the centralized study process. We establish an effective date of May 24, 2006, the date of the Compliance Order. In addition, we grant the CAISO's request for an expedited determination on the effective date of the centralized study procedures. We

¹ *California Independent System Operator Corp.*, 115 FERC ¶ 61,237 (2006) (Compliance Order).

will consider the CAISO's request for rehearing regarding the Roles and Responsibilities Agreement (R&R Agreement) at a later time.²

I. Background

2. In ruling on the CAISO's Order No. 2003 compliance filing,³ the Commission directed the CAISO and PTOs to adopt a centralized study process in which the CAISO conducts the interconnection studies, directing a compliance filing by August 30, 2005.⁴

3. In the August 26, 2005 Order, the Commission held that the CAISO must collaborate with stakeholders and the PTOs to develop the centralized study procedures.⁵ The Commission also clarified that the PTOs may, subject to certain conditions, participate in the centralized study process.⁶

4. The CAISO filed the first round of revisions to comply with the Commission's orders on August 30, 2005.⁷ In that filing, the CAISO requested that interim

² See the CAISO's June 23, 2006 Request for Rehearing at 7-9 (requesting that the Commission grant rehearing and reverse its decision relating to governance authority in the event of conflicts between the CAISO Open Access Transmission Tariff and the R&R Agreement or between the R&R Agreement and a customer-specific Interconnection Agreement). We also note that the three PTOs (Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SoCal Edison)) jointly filed a request for rehearing which we will also address at a later time.

³ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 26, 2004), FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 70 Fed. Reg. 265 (Jan. 4, 2005), FERC Stats. & Regs. ¶ 31,171 (2005), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *appeal docketed sub nom. National Association of Regulatory Utility Commissioners, et al. v. FERC*, Nos. 04-1148, *et al.* (D.C. Cir. filed April 29, 2004).

⁴ *California Independent System Operator Corp.*, 112 FERC ¶ 61,009 (July 1, 2005 Order), *clarifications and extension of time granted, reh'd denied*, 112 FERC ¶ 61,231 (2005) (August 26, 2005 Order).

⁵ See August 26, 2005 Order, 112 FERC ¶ 61,231 at P 17.

⁶ *Id.* at P 21.

⁷ CAISO filed the August 30, 2005 LGIP in Docket No. ER04-445-012. It filed centralized study procedures on November 1, 2005, in Docket No. ER04-445-013.

interconnection system study procedures be used until procedures for centralized studies are accepted by the Commission and implemented. The Filing Parties⁸ also filed their proposed LGIA on August 30, 2005.⁹

5. The CAISO filed its proposal for permanent centralized system study procedures on November 1, 2005. It proposed a Roles and Responsibilities Agreement (R&R Agreement) to allocate interconnection study responsibilities between the CAISO and the PTOs.

6. The Compliance Order accepted in part and rejected in part, with modifications, the CAISO's Large Generator Interconnection compliance filings.¹⁰ It rejected R&R Agreement section 3.2., clarified certain aspects of the interconnection study procedures, and rejected PG&E's offer of settlement. The Compliance Order directed the CAISO to make a compliance filing within 30 days of issuance of that order.

II. Discussion

A. Effective Date

7. On June 23, 2006, the CAISO filed a request for rehearing of the Compliance Order, stating that the Commission erred in setting a retroactive effective date of March 1, 2006. The CAISO states that although it had requested an effective date of March 1, 2006 when making its compliance filing on November 1, 2005, neither the CAISO nor the PTOs could have anticipated or reasonably complied with an effective date retroactive from the issuance of the Compliance Order. Rather, the CAISO notes that its transmittal letter meant to indicate that if a decision on the November 1, 2005 compliance filings were to occur prior to March 1, 2006, then the CAISO was requesting an effective date no sooner than March 1, 2006 to allow for completion of implementation.

8. The CAISO states that since it did not know when the Commission would accept the proposed centralized interconnection study process, the CAISO and PTOs continued to use the interim LGIP, LGIA, and study agreements as presented in the August 30, 2005 compliance filings between March 1, 2006 and the present. The CAISO asserts that

⁸ The Filing Parties are the CAISO, PG&E, SDG&E, and SoCal Edison.

⁹ The Filing Parties filed the August 30, 2005 LGIA in Docket Nos. ER04-445-011 (CAISO), ER04-443-009 (PG&E), ER04-441-009 (SDG&E), and ER04-435-015 (SoCal Edison). They revised the LGIA to adopt centralized study procedures and re-filed the LGIA on November 1, 2005, in Docket Nos. ER04-445-014 (CAISO), ER04-443-010 (PG&E), ER04-441-010 (SDG&E), and ER04-435-018 (SoCal Edison).

¹⁰ See Compliance Order, 115 FERC ¶ 61,237.

the March 1, 2006 effective date would require the CAISO to redo all study agreements that were entered into between March 1, 2006 and the present, causing a delay and inefficiency for the Interconnection Customer, the CAISO, and the PTOs. The CAISO requests that the Commission revise the effective date to June 23, 2006, which will create a bright line for the CAISO and the PTOs to implement the detailed procedures of the centralized study process.

9. The CAISO requests that if necessary, the Commission bifurcate our ruling on its request for rehearing in order to provide the CAISO with guidance on the effective date as quickly as possible.

B. Commission Determination

10. We grant in part and deny in part the CAISO's request for rehearing of the March 1, 2006 effective date. We agree that the retroactive effective date of the Compliance Order has created ambiguity as to which study procedures were in place for interconnection requests received by CAISO between March 1, 2006 and the May 24, 2006 Compliance Order issuance date. However, we find that the CAISO was on notice as of May 24, 2006, that it needed to start implementing the centralized study process. Therefore, the effective date is May 24, 2006, the date of issuance of the Compliance Order.

The Commission orders:

The Commission hereby establishes the effective date for the CAISO's centralized interconnection study procedures in the OATT, LGIP, LGIA, Interconnection Studies, and R&R Agreement as May 24, 2006, the date of issuance of the Compliance Order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.